

Sheep industry faces its toughest battle since range wars

Congress: Ranchers plead for help as tough financial times throw many out of business.

DENVER (Reuters) — The American sheep industry, long associated with the settling of the West, is in a fight for its life as tough financial times throw three- and four-generation family-owned ranches out of business.

Sheep ranchers may be facing their toughest battle since the range wars in the last two decades of the 19th century pitted cattle ranchers against sheep herders for control of grazing areas.

The plight of the ranchers was outlined last week in Denver at a congressional hearing.

Sheep ranchers from Colorado, Montana, Wyoming, Texas, California, Oregon,

Iowa and Illinois came to Denver in their traditional garb of business suits and cowboy hats and boots to plead with members of Congress for help.

Iowa sheep producer Jay Van Wert told the House subcommittee on livestock, dairy and poultry that ranchers cannot determine retail prices nationwide because the Department of Agriculture does not compile data the way it does for cattle producers.

"Our operation, as well as many others, is going broke," said Wyoming rancher Truman Julian, whose grandfather homesteaded and started in the sheep business before the turn of the century.

The American Sheep Industry Association (ASI) estimates that 3,000 to 4,000 ranchers have gone out of business in the past three years, leaving membership at just under 110,000 nationwide.

The average flock size is 80 sheep and operations can range from a backyard mom-and-pop business to one with several thousand head on thousands of acres.

"Sheep producers are now in a one-company town," Montana rancher Gilles Stockton said, referring to the industry's charge that too few slaughterhouses are resulting in a monopoly in the marketing end of the business.

"In 1987 I received \$.99 (a pound) for my lambs. In 1990, I got \$.47. Livestock markets do not fluctuate like that without manipulation," Stockton told the congressmen.

Since 1975, 20 slaughter facilities have closed and last year, four major packers processed more than 70 percent of all lambs slaughtered.

"Supply-and-demand economics is not

ASJ president Jim Magagna said, "and its absence is literally crippling sheep producers coast to coast."

Sheep ranchers say they cannot understand why they are being paid less every year while prices at the grocery store climb. Producer returns have dropped 41 percent since 1987, while retail prices have risen seven percent.

The problem is so serious that the Justice Department has been conducting an investigation in the past six months of possible antitrust violations.

Monfort Inc., a Greeley, Colo.-based big meat processing plant and major lamb processor owned by ConAgra Inc., has not been contacted by the Justice Department, its general counsel Kay Norton said.

"Supply-and-demand economics is not

said, but added that static demand has made this difficult.

Rep. Charles Stenholm, a Texas Democrat who chaired the hearing, will hold further hearings in Washington later this year to examine the question from the packers' point of view.

Part of the problem is the industry's small size. In a country that prides itself on its agriculture, the sheep industry is on a small scale.

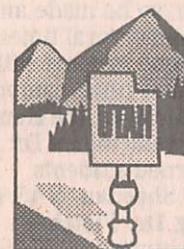
The breeding herd in the United States is about 11 million head, dwarfed by the 200 million head in New Zealand and Australia.

Fifty years ago the U.S. sheep herd stood at a record high 56.7 million. Low prices for meat and wool, high predation losses, shortage of quality labor are some of the reasons for the decline in the industry, the ASI says.

Management of wily coyote spurs debate in rural Utah

■ **BLM:** Should taxpayer money be used to kill predators of livestock?

By Jerry Spangler
Deseret News staff writer 12-23-91



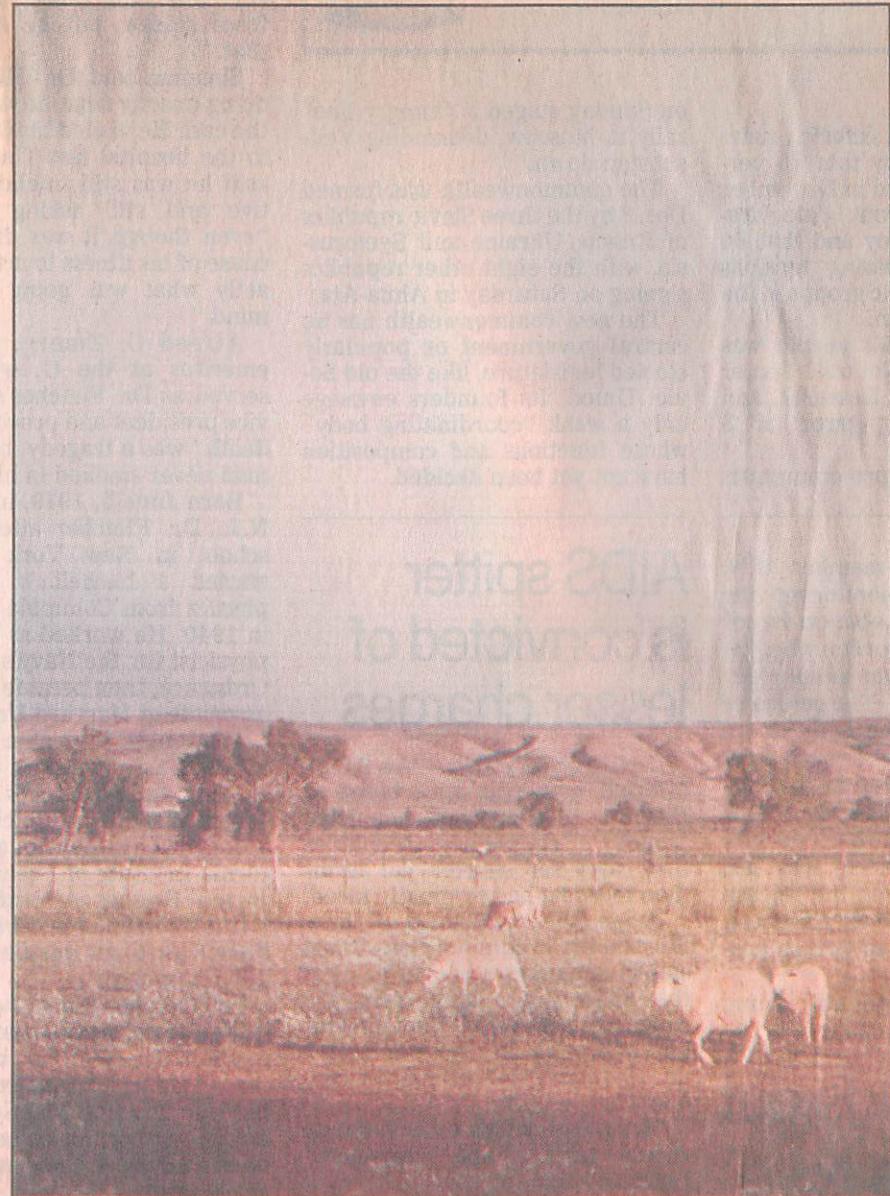
OFF THE WASATCH

VERNAL — The coyote, to many living along the Wasatch Front, is a romantic creature that symbolizes the unrestrained freedom of open spaces. In fact, the coyote is downright revered by urbanites, its howling image gracing everything from expensive artwork to cheap T-shirts.

But is it a realistic image? Utah ranchers scoff at the notion. "Nothing romantic about a bunch of lambs with their throats ripped out," said Vic Saunders, spokesman for the Utah Farm Bureau.

"People on the Wasatch Front see Wayne Owens petting a wolf, and they watch Walt Disney movies and hear romantic stories about coyotes. But

Please see COYOTE on A8



PHOTOGRAPHY/ RITA CLAGETT
A rainbow lights up the sky as sheep graze near Vernal, Utah. Ranchers say coyotes and other predators are depleting their flocks.

over

COYOTE

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those people have no appreciation for the real world, and in the real world coyotes stalk and kill and stalk and kill."

But should taxpayer money be used to kill coyotes in order to protect livestock? It's a question gnawing at public land managers, ranchers and conservationists alike in the wake of a decision by the Verbal District of the Bureau of Land Management to halt government-sponsored predator control efforts in eastern Utah. Some say the precedent could prompt other BLM offices in the state to follow suit.

Every year in Utah, approximately 5,000 coyotes are killed in

control programs in other areas of the state will now be routinely appealed, and they suspect the appeals are really part of a larger environmentalist strategy to remove livestock from public range lands. But conservationists say they are seeking predator control programs more compatible with public sentiment and less lethal to coyotes, and they have been working with the BLM for five years toward that end.

"Four or five years ago, all of the predator control programs in the state were ripe for appeal," said George Nickas, assistant coordinator of the Utah Wilderness Association. "Since that time, we thought we were making progress,

"But in retrospect, we've come to the conclusion that the progress was really window dressing. The intensity of predator control isn't diminishing at all, and it is not solving livestock depredation. We finally came to conclusion that unless we take it to the next level we would not see any progress."

The next level in this case was appealing first the Vernal District's "Animal Damage Control Environmental Assessment" and then appealing the plan the district had been operating under for the past decade. Those appeals are currently before the Interior Board of Land Appeals.

Nickas says there is some justification for predator control pro-

grams, even lethal methods. But conservationists are adamantly opposed to the indiscriminate elimination of all predators, coyotes in particular, regardless of whether those predators are actually killing livestock.

In many cases, predators are killed before livestock are ever put on public lands. "The idea we have to kill 5,000 coyotes every year and lose a thousand sheep and kill another 5,000 sheep . . . there has to be a better way," Nickas said. "The industry has been resistant to change, the federal land management agencies have been resistant to change. But change has to come. The public doesn't accept that kind of treatment of predators any more."

Saunders says Utah ranchers are not opposed to change, only to increased costs in a business with a very thin profit margin. "The stockman can't pass on the added costs," he said. "He's not opposed to technology; he just sees his bottom line increasing."

While livestock operators decry the economic costs of the appeals and conservationists demand environmental responsibility, there is one thing both sides agree on: The coyote is in no danger of extinction in Utah.

"There's an old Indian saying that when the last man is gone, the song dog will still be there," Nelson said. "No matter what happens, I'm convinced of that."

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Cooperative makes woolly business a bit less wild

Nonprofit operation shepherds fleeces from Western growers to mills across country.

By Marjorie Cortez 6-6-93

Deseret News business writer

A bumper sticker hanging in Gary Babb's office at the Utah Wool Marketing Association says, "Real men don't wear polyester."

It's an appropriate motto for a nonprofit cooperative that markets wool produced in six Western states to mills in Virginia, South Carolina, North Carolina and Oregon.

"Basically we're brokers for the sheep industry. We're more or less a middleman for the people buying wool and the people we market it for," said Babb, manager of the cooperative.

Each spring, woolgrowers from Utah, Wyoming, Colorado, Idaho, Nevada and Arizona, ship hundreds of thousands of pounds of wool to the cooperative warehouse where workers sort fleeces according to wool grade and length.

The wool is shipped to the warehouse in 300-pound burlap bags. When they arrive at the warehouse, the bags are weighed, assigned a unit number and stored until the wool can be graded and baled for sale.

It is tedious work in a hot and dusty warehouse, but graders like Felipe Maldonado know Western woolgrowers depend on an accurate ranking of their wool.



KRISTAN JACOBSEN, DESERET NEWS

Gary Babb goes through the Utah Wool Marketing Association warehouse, which handles about 4 million pounds of wool annually.

A typical day goes something like this: Maldonado studies a seemingly endless stream of wool fleece as it rolls past on a conveyor belt. Within seconds, he determines the wool's grade and length and separates it into nearby collection bins.

"It takes six months of grading 15,000 to 20,000 pounds of wool a day to really get competent at it," said Babb.

Grading is but part of the process. From there, the wool is baled in burlap packages and shipped to woolen mills in Virginia, North Carolina, South Carolina and Oregon. The mills clean and spin the wool into thread to produce textiles for products as diverse as horse blankets and business suits.

Two-pound samples of the wool are sent to a Denver laboratory to certify the wool's grade.

Almost all of the wool handled at the cooperative is pre-sold, Babb said. The warehouse receives a percentage of the proceeds from the wool sales, an amount set annually by the cooperative's board of directors, Babb said.

The warehouse handles about 4 million

WOOL

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pounds of wool annually, worth approximately \$3.5 million gross revenue. Babb said wool shipments were down about 500,000 pounds this year, a phenomenon he attributes to lower sheep numbers.

The business is shrinking because of sluggish wool prices, a lower consumer demand for lamb and increasing difficulty in retaining public lands grazing permits.

Babb said he envisions a time when small growers, ranchers who run fewer than 2,000 ewes, may be forced out of business.

The wool cooperative is especially helpful to small growers, said Lorin L. Moench Jr., whose family owns and operates Thousand Peaks Ranches Inc. in Utah.

"It's very helpful. It's very critical, especially for the small growers. We sold to them this year because they gave us the best price," said Moench, who runs about 10,000 ewes.

It is not cost-effective for most small wool operations to sell directly to mills like Pendleton because of the costs incurred in grading, baling and trucking the wool to mills, Moench said. A cooperative spreads the costs among several growers and helps them eke out a little more profit from their product.

Plus, the cooperative opens another sales avenue to the large producers like Moench.

Yet Babb said he believes the industry faces other obstacles. Woolgrowers fear the 1954 Wool Act, a price stabilization mechanism, may be rescinded. The federal law imposes a tariff on

Kingdom, serving 3 million households. US WEST also has cable ventures in Hungary, Norway and Sweden.

In May 1991, the company announced a partnership with TCI and AT&T for trial of viewer controlled video on demand, in the Denver suburb of Littleton. For

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Meridian Fund to 40 percent. In 1990, the average equity fund lost 6.6 percent and the average small company stock fund lost 9.7 percent, while Meridian turned in a very respectable positive year.

An important criteria used by Aster is his concentration on stocks that sell at multiples lower than their respective growth rates. This leads Aster to the powerful, but often volatile, growth darlings of the stock market. Fortunately, Aster is adept at purchasing these

Iowa and south to New Mexico.

Richard D. McCormick, 52, became chief executive officer in late 1990 and chairman last May. He was named president in June 1986 and has retained that title.

Its revenue has grown from \$7.8 billion in 1985 to \$10.3 billion last year.

imported wool that is distributed among domestic producers when prices are low.

The Wool Act is under attack by some Eastern media, which suggest terminating the act may stimulate the economy and save \$500 million between 1994 and 1998.

Industry representatives say half of nation's sheep ranches would go out of business by 1998 if the Wool Act is rescinded. Without it, few U.S. operations could compete with the Australian monopoly.

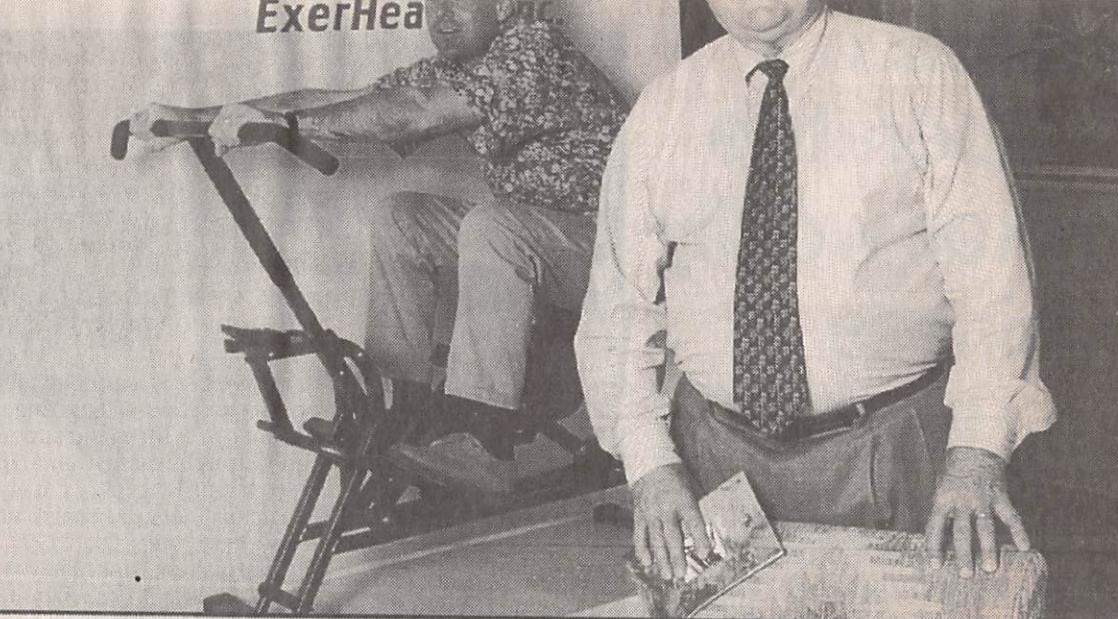
"I think we will always have American mills processing wool here. If we lose the Wool Act, I'm afraid we'll lose our American mills or maybe they'll go to Mexico or some other foreign country, then we'll be at the mercy of a foreign country."

phones), Service Corp. International (funeral homes) and Oracle (computer software).

Aster's shrewd combination of savvy stock selection and his judicious use of cash have made the Meridian Fund one of the top small company stock funds around.

Also important, the Meridian Fund only has \$60 million in assets, so it faces no immediate danger of closing its doors to new investors like so many of its cash-gorged brethren. Don't waste too much time though. It won't be long

ExerHea



PAUL BARKER, DESERET NEWS

Gary Smith, president of ExerHealth Inc., uses a "loose but hands-on" approach to management.

Deseret News

Executive focus

Gary H. Smith

president and
chief executive officer,
ExerHealth Inc.

VITAL STATISTICS

Age: 58.

Where born: Los Angeles.

Family: Wife Helen (married 38 years) and eight children.

Education: L.A. City College, three years in U.S. Army.

Primary products: HealthRider home exercise machine.

Primary markets: Nationwide, primarily people age

40 and over.

Number of employees: 18.

Annual sales: Growing steadily.

PERSONALITY PROFILE

First "real" job: Editorial/photo for Los Angeles Times.

Management style: Loose but "hands on."

Strategy for success: Keep focus, commitment, hard work and most of all, enjoy the work. Be fair in dealings. Make a plan and "work" it.

A memorable failure: Gold-mining investment and venture, Alaska to Honduras.

Heroes: My wife Helen, who is a great wife, mother, grandmother and businesswoman; Ronald Reagan and Rush Limbaugh.

Leisure time and hobbies: Tennis, fishing, gardening, TV sports and a good book.

Favorite book and movie: Book: Any historical

Chipmakers in America

"It's no different from a friendship. It takes time to develop but it becomes fruitful over time." We